

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 DOTE-00 SS-15 NSC-05 L-01 STR-01 AID-05

CIAE-00 COME-00 EB-04 FRB-01 INR-05 NSAE-00 RSC-01

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R 301415Z OCT 74

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 6727

LIMITED OFFICIAL USE SAN SALVADOR 4306

E.O. 11652 - N/A

TAGS: ELTN, EINV, EBXP, ES

SUBJECT: IRCA

REF: A) SAN SALVADOR 4234; B) STATE 235351

1. LOCAL IRCA LAWYER TRIGUEROS CALLED ON ECONOFF OCTOBER 28 CONCERNING RECEIPT OF OCTOBER 12 LETTER FROM WEBER AND HIS FINANCIAL ACCOUNTING TO WEBER BY LETTER OF OCTOBER 21 (COPY POUCHED TO ARA/CEN/ES). WEBER'S LETTER, WHICH WAS DESCRIBED AS THE FIRST COMMUNICATION TO TRIGUEROS SINCE THE TAKEOVER, REPORTEDLY SAID WEBER HAD RECEIVED RESIGNATION CABLES FROM LOCAL IRCA OFFICIALS DIAZ GAITAN AND FLINT, HAD NOT HEARD ANYTHING FROM THE DEPARTMENT OF STATE OR THIS EMBASSY, WAS AWAITING MOR INFORMATION FROM TRIGUEROS, RECOGNIZED TRIGUEROS' NEED FOR A NEW POWER OF ATTORNEY, AND ENDED SAYING WEBER HAD AN APPOINTMENT WITH SECRETARY KISSINGER THE NEXT WEEK (I.E. OF OCTOBER 13). TRIGUEROS, PRIOR TO RECEIPT OF LETTER, REPORTED TO WEBER THE LOCAL FINANCIAL STATUS WITH DETAILED ACCOUNTING AND ASKED FOR A NEW POWER OF ATTORNEY. HE INTENDS TO RESPOND TO THE OCTOBER 12 LETTER AND STILL PLANS TO CALL WEBER AT HIS FIRST OPPORTUNITY TO TRAVEL TO GUATEMALA ("FOR TELEPHONE SECURITY").

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2. TRIGUEROS SAID HE VIEWED THE LAW PASSED BY THE NATIONAL

ASSEMBLY OCTOBER 23, WHICH AUTHORIZES THE STATE TO TRANSFER THE RAILROAD AND PIER AND RELATED PROPERTIES TO CEPA, AS THE REAL EXPROPRIATORY ACTION BY THE GOVERNMENT; HE CALLS THE OCTOBER 3 DECREE THE "CANCELLATION OF THE CONCESSION." HE SAID WEBER'S STANCE TO PRESENT GIVES AN UNCLEAR PICTURE OF IRCA'S INTENTION BUT HE IS PREPARED TO TAKE ACTION IF WEBER INSTRUCTS HIM. LACKING INSTRUCTIONS, HE HAD STILL NOT CONTACTED THE GOVERNMENT OR LEGAL AUTHORITIES ON THE MATTER. IN HIS OCTOBER 21 LETTER TO WEBER HE SAID HE WAS KEEPING THE EMBASSY INFORMED.

3. GENERAL MOTORS TEAM (REFTEL B) MET WITH THE AMBASSADOR MORNING OF OCTOBER 29, PRIOR TO A SCHEDULED APPOINTMENT WITH CEPA OFFICIALS THAT AFTERNOON. THEY DELAYED THE LATTER UNTIL THEY FELT ASSURED BY THE AMBASSADOR THAT THE TAKEOVER ACTION HAD NOT RESULTED IN AN ENVIRONMENT ADVERSE TO THE SALE OR TO REPAIR WORK ON THE 16 LOCOMOTIVES AS REQUIRED UNDER THE SALE. THEY WERE GIVEN THE EMBASSY'S VIEW THAT IRCA'S EMPLOYEES, HAVING BEEN CARED FOR UNDER THE TAKEOVER PROVISIONS, WOULD NOT BE HOSTILE TO THE SALE OR IMPEDE WORK ON THE LOCOMOTIVES. THE AMBASSADOR POINTED OUT, AND GM OFFICIALS RECOGNIZED, THE DISTINCTION BETWEEN ANY POTENTIAL CONFLICT BETWEEN THE GOES AND IRCA AND THE EXECUTION OF A COMMERCIAL SALE BY GM (WHICH HAS ALWAYS HELD TITLE TO THE LOCOMOTIVES) TO THE GOES. GM OFFICIALS SAID THEY RECEIVED NO RESPONSE FROM WEBER TO THE OCTOBER 17 ADVICE OF INTENT TO SELL THE LOCOMOTIVES ON OR ABOUT OCTOBER 28. GM TEAM WILL REPORT RESULTS OF TRIP TO AMBASSADOR BEFORE DEPARTURE.

4. COMMENT: APART FROM MATTER OF FACT PRESS REPORTING OF LEGISLATION RELATING TO IRCA THE ISSUE APPEARS QUIET. AT THIS POINT WE BELIEVE (AS EXPRESSED IN REFTEL A) THE GOES IS AWARE OF POSSIBLE CONSEQUENCES TO THE TAKEOVER AND THE POTENTIAL LEGAL RECOURSE BY IRCA. WE WILL CONTINUE TO ATTEMPT TO STAY CURRENT ON INFORMATION FROM GOES, IRCA AND GM IN ROLE OF INTERESTED OBSERVER.
CAMPBELL

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